Company Registration No. 5818607

STRACHAN HOLDINGS LIMITED

Report and Financial Statements

30 June 2009

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STRACHAN HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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STRACHAN HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr D G Strachan
Mr A J Strachan

SECRETARY

Mr A J Strachan

REGISTERED OFFICE

2 Dolphin Court
Stanningley Road
Bramley
Leeds
West Yorkshire
LS13 4UN

BANKERS

Abbey National plc
Business Banking Centre
PO Box 126
Newport
Gwent
NP19 7UP

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Royal Bank of Scotland
27 Park Row
Leeds
LS1 5QB

Yorkshire Bank PLC
2 Infirmary Street
Leeds
LS1 2UL

SOLICITORS

Watson Burton LLP
1 City Square
Leeds
LS1 2ES

AUDITORS

Deloitte LLP
Chartered Accountants and Registered Auditors
Leeds

DIRECTORS' REPORT

The directors present their annual report on the affairs of the group together with the financial statements and auditors' report for the year ending 30 June 2009

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company's principal activity is the management activities of a holding company The principal activities of the group are the design, manufacture and installation of high quality bedroom, home study and lounge furniture The group's key measurements of effectiveness of its operations are calculating its gross margin and operating profit

The group's gross margin has reduced during the year by 1 7 percentage points due to increases in raw material, direct labour and production overhead costs As a result, the underlying operating profit has reduced by 1 9 percentage points during the year reflecting a slight increase in administration costs

PRINCIPAL RISKS AND UNCERTAINTIES

The current economic climate remains challenging, which poses a risk The group manages this risk by ensuring the continued high quality of its products is maintained and strong relationships are held with the group's diverse customer base

RESULTS AND DIVIDENDS

The group's profit for the year after taxation was £571,570 (2008 £718,067) The directors paid a dividend of £599,922 (2008 £252,022) in the year and propose that the retained (loss)/profit for the year be transferred to reserves

FUTURE PROSPECTS

This is dependent upon the performance of the trading subsidiary company which continues to maintain a healthy order book and the directors remain confident of continued success

DIRECTORS

The directors who served throughout the year were

Mr A J Strachan
Mr D G Strachan

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

A J Strachan

Director
18 December 2009

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STRACHAN HOLDINGS LIMITED

We have audited the financial statements of Strachan Holdings Limited for the year ended 30 June 2009 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes 1 to 25 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2009 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company's financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

S J Trobridge

S J Trobridge FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Leeds, United Kingdom
18 December 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 June 2009

	Note	2009 £	2008 £
TURNOVER	2	7,369,792	7,794,998
Cost of sales		(3,639,638)	(3,716,572)
Gross profit		3,730,154	4,078,426
Distribution costs		(274,253)	(285,630)
Administrative expenses		(2,657,690)	(2,804,475)
Other operating income		11,534	14,855
OPERATING PROFIT	4	809,745	1,003,176
Interest receivable and similar income	5	83,757	137,751
Interest payable and similar charges	6	(41,636)	(77,770)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		851,866	1,063,157
Tax on profit on ordinary activities	7	(280,296)	(345,090)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	20	571,570	718,067

All activities derive from continuing operations

The group has no recognised gains and losses for the year or the prior year other than as stated above Therefore, no statement of total recognised gains and losses has been presented

CONSOLIDATED BALANCE SHEET
30 June 2009

	Note	30 June 2009 £	30 June 2008 £
FIXED ASSETS			
Intangible assets	10	2,625,944	2,780,411
Tangible assets	11	2,617,911	2,836,417
		5,243,855	5,616,828
CURRENT ASSETS			
Stocks	13	288,195	305,873
Debtors	14	224,462	345,860
Cash at bank and in hand		2,834,869	2,605,880
		3,347,526	3,257,613
CREDITORS: amounts falling due within one year	16	(2,130,994)	(2,256,273)
NET CURRENT ASSETS		1,216,532	1,001,340
TOTAL ASSETS LESS CURRENT LIABILITIES		6,460,387	6,618,168
CREDITORS: amounts falling due after more than one year	17	(867,375)	(990,385)
PROVISIONS FOR LIABILITIES AND CHARGES	18	(183,868)	(190,287)
NET ASSETS		5,409,144	5,437,496
CAPITAL AND RESERVES			
Called up share capital	19	547,874	547,874
Share premium account	20	3,546,126	3,546,126
Profit and loss account	20	1,315,144	1,343,496
TOTAL EQUITY SHAREHOLDERS' FUNDS		5,409,144	5,437,496

The financial statements of Strachan Holdings Limited, registered number 5818607, were approved by the Board of Directors on 16 December 2009

Signed on behalf of the Board of Directors

A J Strachan

Director

COMPANY BALANCE SHEET
30 June 2009

	Note	30 June 2009 £	30 June 2008 £
FIXED ASSETS			
Tangible assets	11	1,992,535	2,095,024
Investments	12	7,648,732	7,648,732
		9,641,267	9,743,756
CURRENT ASSETS			
Debtors	14	323	7,153
Deferred tax asset	15	7,882	5,139
Cash at bank and in hand		5,043	15,382
		13,248	27,674
CREDITORS: amounts falling due within one year	16	(217,590)	(311,040)
NET CURRENT LIABILITIES		(204,342)	(283,366)
TOTAL ASSETS LESS CURRENT LIABILITIES		9,436,925	9,460,390
CREDITORS: amounts falling due after more than one year	17	(867,375)	(990,385)
TOTAL ASSETS LESS CURRENT LIABILITIES		8,569,550	8,470,005
CAPITAL AND RESERVES			
Called up share capital	19	547,874	547,874
Share premium account	20	3,546,126	3,546,126
Profit and loss account	20	4,475,550	4,376,005
TOTAL EQUITY SHAREHOLDERS' FUNDS		8,569,550	8,470,005

The financial statements of Strachan Holdings Limited, registered number 5818607, were approved by the Board of Directors on [illegible] 2009

Signed on behalf of the Board of Directors

A J Strachan

Director

CONSOLIDATED CASH FLOW STATEMENT
30 June 2009

	Note		2009 £		2008 £
Net cash inflow from operating activities	22		1,326,113		1,276,510
Returns on investments and servicing of finance					
Interest paid			(41,636)		(77,770)
Interest received			83,757		137,751
Net cash inflow from returns on investments and servicing of finance			42,121		59,981
Net cash outflow from taxation			(354,177)		(411,050)
Dividends paid			(599,922)		(252,022)
Capital expenditure					
Payments to acquire tangible fixed assets		(62,136)		(125,653)	
Proceeds from disposal of fixed assets		-		44,685	
Net cash inflow from capital expenditure			(62,136)		(80,968)
Net cash inflow before financing			351,999		592,451
Financing					
Repayment of borrowings		(123,010)		(464,615)	
Net cash outflow from financing			(123,010)		(464,615)
Increase in cash	23, 24		228,989		127,836

NOTES TO THE ACCOUNTS
Year ended 30 June 2009

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below They have all been applied consistently throughout the current year and the preceding year

Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Preparation of accounts – going concern basis

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report

The group has considerable cash reserves, enjoys a healthy order book and continues to supply a high quality product to a diverse customer base The directors have reviewed the group's forecasts, taking into account possible changes in trading performance, and believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis of preparing the annual report and accounts

Investments

Investments in subsidiary undertakings held as fixed assets are stated at cost less provision for impairment

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all of its subsidiaries The subsidiaries are consolidated from the date on which control passes

Acquisitions and disposals

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the group's share of net separable assets Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition

The profit or loss on the disposal or closure of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business not previously charged through the profit and loss account

The results and cash flows relating to a business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition or up to the date of disposal

Goodwill and intangible fixed assets

For acquisitions of a business, including an interest in an associated undertaking, purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life up to a maximum of 20 years The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period

Capitalised purchased goodwill in respect of subsidiaries is included within intangible fixed assets and amortised over a period of 20 years

NOTES TO THE ACCOUNTS
Year ended 30 June 2009

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets The rates of depreciation are as follows

Freehold buildings	4 3% per annum
Plant and machinery	10% to 25% per annum
Motor vehicles	20% to 25% per annum
Short leasehold improvements	25% per annum
Fixtures and fittings	25% per annum

No depreciation is provided on the freehold land

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production

Warranty provisions

A provision is included in the accounts in respect of the estimated future costs of remedial work under warranties provided by the company

The warranty given on sales is for five to ten years from the date of sale, and the provision in the accounts represents the estimated liability based upon actual costs incurred since warranties were first given

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction All differences are taken to the profit and loss account

Pension

The group does not administer a pension scheme The pension cost charges represent contributions made by the group on behalf of employees towards personal pensions administered by other parties

2 TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax The turnover, all of which arises in the United Kingdom, is wholly attributable to the continuing principal activities

NOTES TO THE ACCOUNTS
Year ended 30 June 2009

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Group	2009 £	2008 £
Directors' emoluments		
Salary	274,389	242,555
Benefits in kind	20,422	17,979
Pension costs	15,000	30,000
	309,811	290,534
Emoluments of the highest paid director		
Salary	120,764	110,764
Benefits in kind	609	646
	121,373	111,410
Staff costs during the year (including directors)		
Wages and salaries	1,975,435	1,936,094
Social security costs	190,539	192,367
Pension costs	15,000	30,560
	2,180,974	2,159,021
	No.	**No**
Average number of persons employed		
Production	41	46
Administration	42	42
	83	88

The group made contributions to a pension scheme on behalf of one director (2008 one) At 30 June 2009, £45,000 (2008 £30,000) of pension contributions were outstanding

4. OPERATING PROFIT

	2009 £	2008 £
Operating profit is after charging/(crediting)		
Depreciation of owned assets	280,642	300,701
Amortisation of goodwill	154,467	154,467
Rentals under operating leases		
Land and Buildings	-	13,190
Other	50,374	64,130
Profit on sale of fixed assets (net)	-	(4,495)
Auditors' remuneration audit services	11,785	10,585
non-audit services	1,400	1,400

NOTES TO THE ACCOUNTS
Year ended 30 June 2009

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £	2008 £
Bank deposit interest	83,757	137,751

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Loan note interest	-	2,988
Other interest payable	3,981	-
Mortgage interest	37,655	74,782
	41,636	77,770

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2009 £	2008 £
Current Taxation:		
UK corporation tax charge in respect of current year	301,715	370,852
Adjustments in respect of prior periods	-	(2,675)
Total Current Taxation	301,715	368,177
Deferred Taxation:		
Origination and reversal of timing differences	(19,434)	(19,497)
Adjustments in respect of prior periods	(272)	(4,415)
Effect of changes in tax rates	(1,713)	825
	(21,419)	(23,087)
Tax on profit on ordinary activities	280,296	345,090

The rate of tax for the period, based on the UK standard company rate of corporation tax is 28% (2008 30% to 31 March 2008 and 28% from 1 April 2008) The actual tax charge of the current period differs from the standard rate for the reasons set out in the following reconciliation

NOTES TO THE ACCOUNTS
Year ended 30 June 2009

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

	2009	2008
Profit on ordinary activities before tax	851,866	1,063,157
Tax on profit on ordinary activities before tax	238,522	313,631
Factors affecting current taxation charge for the year:		
Capital allowances for the period in excess of depreciation	15,234	10,932
Income not taxable	-	-
Expenses not allowable for tax purposes	54,001	36,382
Movement in short term timing differences	4,200	9,907
Effects of other tax rates / credits	(10,242)	-
Adjustments in respect of prior periods	-	(2,675)
Current tax charge for the period	301,715	368,177

8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements The parent company's profit after tax for the financial period amounted to £699,467 (2008 £612,480)

9. DIVIDENDS

	2009 £	2008 £
Dividends paid £1 095 per ordinary share (2008 £0 46 per ordinary share)	599,922	252,022

10. INTANGIBLE FIXED ASSETS

Group	Goodwill arising on consolidation £
Cost	
At 1 July 2008	3,089,345
Additions	-
At 30 June 2009	3,089,345
Amortisation	
At 1 July 2008	308,934
Charge for the year	154,467
At 30 June 2009	463,401
Net book value	
At 30 June 2009	2,625,944
At 30 June 2008	2,780,411

NOTES TO THE ACCOUNTS
Year ended 30 June 2009

11. TANGIBLE FIXED ASSETS

Group	Freehold Land and Buildings £	Plant And Machinery £	Motor Vehicles £	Fixtures and Fittings £	Total £
Cost					
At 1 July 2008	2,082,442	1,081,731	249,427	420,366	3,833,966
Additions	-	6,791	42,480	12,865	62,136
Disposals	-	-	-	(34,696)	(34,696)
At 30 June 2009	2,082,442	1,088,522	291,907	398,535	3,861,406
Accumulated depreciation					
At 1 July 2008	149,430	371,042	117,898	359,179	997,549
Charge for the year	74,715	113,514	53,405	39,008	280,642
Eliminated on disposals	-	-	-	(34,696)	(34,696)
At 30 June 2009	224,145	484,556	171,303	363,491	1,243,495
Net book value					
At 30 June 2009	1,858,297	603,966	120,604	35,044	2,617,911
At 30 June 2008	1,933,012	710,689	131,529	61,187	2,836,417

The value of land not depreciated was £364,000 (2008 £364,000)

Company	Freehold land and buildings £	Plant and Machinery £	Total £
Cost			
At 1 July 2008	2,082,442	217,558	2,300,000
Additions	-	-	-
Disposals	-	-	-
At 30 June 2009	2,082,442	217,558	2,300,000
Accumulated depreciation			
At 1 July 2008	149,430	55,546	204,976
Charge for the year	74,715	27,774	102,489
Eliminated on disposals	-	-	-
At 30 June 2009	224,145	83,320	307,465
Net book value			
At 30 June 2009	1,858,297	134,238	1,992,535
At 30 June 2008	1,933,012	162,012	2,095,024

The value of land not depreciated was £364,000 (2008 £364,000)

NOTES TO THE ACCOUNTS
Year ended 30 June 2009

12. INVESTMENTS HELD AS FIXED ASSETS

	2009 £	2008 £
Cost and net book value		
At 1 July	7,648,732	7,648,732
Additions	-	-
At 30 June	7,648,732	7,648,732

The company owns more than 20% of the equity in the following companies

Name of subsidiary company	Country of incorporation	Holding	Proportion held	Nature of business
Strachan Furniture Makers Ltd	England & Wales	Ordinary shares	100%	Design, manufacture, distribution and retailing of bedroom and home study furniture
Convert-A-Room Ltd	England & Wales	Ordinary shares	100%	Dormant company

The profit for the period and capital and reserves at the year end for the above subsidiary companies are as follows

	Profit for the year ended 30 June 2009	Capital and reserves as at 30 June 2009	Profit for the year ended 30 June 2008	Capital and reserves as at 30 June 2008
Strachan Furniture Makers Limited	626,570	1,852,382	760,054	1,825,812
Convert-A-Room Limited	-	10,000	-	10,000

13. STOCKS

	2009 £	2008 £
Raw materials	281,032	303,206
Work in progress	2,764	2,667
Finished goods and goods for resale	4,399	-
	288,195	305,873

NOTES TO THE ACCOUNTS
Year ended 30 June 2009

14. DEBTORS

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade debtors	60,678	141,422	-	-
Other debtors	102,913	136,111	323	384
Prepayments and accrued income	60,871	68,327	-	6,769
	224,462	345,860	323	7,153

Included in other debtors is a director's loan balance of £3,462 (2008 £10,414) with D G Strachan The highest balance outstanding during the year was £15,525 (2008 £21,740) The loan is repayable on demand and does not attract interest

15. DEFERRED TAXATION ASSET

	Group	Company
	£	£
Deferred taxation asset		
Balance at 1 July 2008	-	5,139
Current year credit	-	2,743
Balance at 30 June 2009	-	7,882

The amount of asset provided in the accounts is as follows

	£	£
Depreciation in excess of capital allowances	-	7,882

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Payments received on account	759,979	841,388	-	-
Trade creditors	392,217	352,747	2,473	-
Accruals and deferred income	432,394	363,523	5,344	7,365
Mortgage	120,000	120,000	120,000	120,000
Other creditors (note 25)	-	-	53,895	157,307
Corporation tax	185,715	238,177	35,878	26,368
Other taxation and social security	239,689	339,438	-	-
Other creditors	1,000	1,000	-	-
	2,130,994	2,256,273	217,590	311,040

NOTES TO THE ACCOUNTS
Year ended 30 June 2009

17 CREDITORS· AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Mortgage	867,375	990,385	867,375	990,385
	867,375	990,385	867,375	990,385

On 21 June 2007, Strachan Holdings Limited took out a mortgage to acquire certain freehold land and buildings Interest is charged at 1% over base rate and the mortgage is repayable by equal monthly installments over a maximum period of ten years The mortgage is secured as a fixed charge over the land and buildings and matures on 20 June 2017

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Analysis of mortgage repayments				
Within one year (note 16)	120,000	120,000	120,000	120,000
Between one and two years	120,000	120,000	120,000	120,000
Between two and five years	360,000	360,000	360,000	360,000
After five years	387,375	510,385	387,375	510,385
	987,375	1,110,385	987,375	1,110,385

18. PROVISIONS FOR LIABILITIES AND CHARGES

Group	Deferred Taxation £	Other provisions £	Total 2009 £	Total 2008 £
Balance at 1 July 2008	75,287	115,000	190,287	212,374
(Credited)/charged to profit and loss account	(21,419)	15,000	(6,419)	(22,087)
Balance at 30 June 2009	53,868	130,000	183,868	190,287

Other provisions relate to amounts provided for potential warranty claims

The amount of deferred taxation provided in the accounts is as follows

Group	Provided 2009 £	Provided 2008 £
Capital allowances in excess of depreciation	66,468	75,287
Short term timing differences	(12,600)	-
Capital allowances in excess of depreciation	53,868	75,287

There is no unprovided deferred taxation at 30 June 2009 or 30 June 2008

NOTES TO THE ACCOUNTS
Year ended 30 June 2009

19. CALLED UP SHARE CAPITAL

Group and company	2009 £	2008 £
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Called up, allotted and fully paid		
547,874 (2008 547,874) ordinary shares of £1 each	547,874	547,874

20. RESERVES

Group	Share Premium Account £	Profit and loss account £	Total 2009 £	Total 2008 £
Balance at 1 July	3,546,126	1,343,496	4,889,622	4,423,577
Profit for the year	-	571,570	571,570	718,067
Dividends paid on equity shares	-	(599,922)	(599,922)	(252,022)
Balance at 30 June	3,546,126	1,315,144	4,861,270	4,889,622

Company	Share Premium Account £	Profit and loss account £	Total 2009 £	Total 2008 £
Balance at 1 July	3,546,126	4,376,005	7,922,131	7,561,673
Profit for the year	-	699,467	699,467	612,480
Dividends paid on equity shares	-	(599,922)	(599,922)	(252,022)
Balance at 30 June	3,546,126	4,475,550	8,021,676	7,922,131

21. FINANCIAL COMMITMENTS

Operating leases

At 30 June 2009, the group was committed to making the following payments during the next year in respect of operating leases

	Land and buildings 2009 £	Other 2009 £	Land and buildings 2008 £	Other 2008 £
Leases which expire				
Within one year	-	10,136	-	1,533
Between one and two years	-	-	-	53,138
Between two and five years	-	-	-	-
After five years	-	-	-	-
	-	10,136	-	54,671

NOTES TO THE ACCOUNTS
Year ended 30 June 2009

22. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Operating profit	809,745	1,003,176
Depreciation charges	280,642	300,701
Amortisation of goodwill	154,467	154,467
Profit on disposal of fixed assets	-	(4,495)
Decrease/(increase) in stock	17,678	(26,285)
Decrease/(increase) in debtors	121,398	(42,990)
Decrease in creditors	(57,817)	(108,064)
Net cash inflow from operating activities	1,326,113	1,276,510

23 RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET DEBT

	2009 £	2008 £
Increase in cash in the period	228,989	127,836
Repayment of mortgage	123,010	89,615
Repayment of loan notes	-	375,000
Changes in net cash resulting from cash flows	351,999	592,451
Net funds brought forward	1,495,495	903,044
Net funds at 30 June	1,847,494	1,495,495

24. ANALYSIS OF CHANGES IN NET DEBT

	At 30 June 2008 £	Cash flows £	Non-cash items £	At 30 June 2009 £
Cash at bank and in hand	2,605,880	228,989	-	2,834,869
Debt due within one year				
Bank loans	(120,000)	-	-	(120,000)
	2,485,880	228,989	-	2,714,869
Debt due greater than one year				
Bank loans	(990,385)	123,010	-	(867,375)
	1,495,495	351,999	-	1,847,494

25 RELATED PARTY DISCLOSURES

As at 30 June 2009, £53,895 (2008 £157,307) was owed to Strachan Furniture Makers Limited The loan is unsecured and interest free

The ultimate controlling parties are Mr A J Strachan and Mr D G Strachan